



# STATE OF CONNECTICUT

## DEPARTMENT OF ENVIRONMENTAL PROTECTION



Public Hearing – February 11, 2008  
Appropriations Committee

Testimony Submitted by Deputy Commissioner Amey Marrella  
Department of Environment Protection

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Thank you for opportunity to address the Committee today.

Let me begin by providing you a brief overview of DEP's recommended budget for fiscal year 2009. Most importantly, the proposed budget provides for the creation of an exciting new opportunity to reinvest in our state parks and forests. Governor Rell proposes the creation of the State Parks and Forest Stewardship Program. This program would provide \$15 million in capital funds to the Department of Environmental Protection for the maintenance and upkeep of park facilities.

On a much smaller note, the proposed budget proposes to transfer funds from the agency's Other Expense line item in FY 2009 to provide resources in two areas. First, \$100,000 is transferred to provide additional resources for mosquito control materials to be provided to towns through the state's larvicide purchasing program. Second, \$20,427 is transferred to cover the costs of Connecticut's membership in a New England water pollution control organization.

Additionally, the proposed budget directs up to \$300,000 of funds available in the underground storage tank petroleum clean-up account within the Environmental Quality Fund to contract for services to evaluate, audit, test and repair state-owned underground storage tanks.

Not officially part of DEP's budget, there are also a number of other proposals in the budget that will have a tremendous benefit to our efforts to protect and enhance Connecticut's environment through additional incentives to support energy efficiency. The Governor has proposed: continuing the sales tax exemption for Energy Star appliances; providing rebates for installation of solar panels on homes; providing rebates to homeowners who replace older furnaces with more energy efficient heating units; and tax credits to those who construct buildings to "Green" Building standards.

After adjusting the recommended General Fund budget for the above proposed changes, you will find that DEP's on-going Personal Services and Other Expenses Budget remains essentially "flat" for FY2008 through FY2009, factoring in negotiated salary adjustments.

I would also like to take this opportunity to outline how the funding from the General Assembly and the General Fund fits into the bigger revenue picture of the operations of the Department of Environmental Protection:

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50% Special Revenue Funds (i.e. user fees)  
21% Federal Funds (from 11 different federal agencies)  
27% General Funds; and  
2% Private donations, trusts and bond funds.

As you can see, the General Fund now provides only about one-quarter of DEP's total Operating Budget and that percentage has been steadily declining over the past fifteen years when it first fell below 50% (in FY92). While this year's recommended budget does include capital funding for the new parks program, the general fund portion for the Department's operations is effectively "flat."

Our basic on-going federal grants have also remained "flat" over the past five years, failing to keep up with inflation and other cost-of-living increases facing the agency. The President's FY09 proposal was released just last week and continues to leave flat or even reduce most grants to states for environmental protection, despite our efforts, in conjunction with other states, to improve the amount of federal grants.

Meanwhile, DEP – like other agencies – has been facing increasing inflationary costs pressures and increased fringe benefit costs. Since FY2004, our basic "fixed" operating costs for things like electricity, fuel oil, vehicle rentals and vehicle fuel have increased by \$1.6 Million. Since FY2004, the costs associated with fringe benefits of staff supported by special revenue and federal grants have increased by \$13.5 Million. Between our basic "fixed" costs and fringe benefit costs DEP has absorbed over \$15.1 Million in additional costs on our special revenue accounts and federal grants. This means the agency's special revenue funds and federal grants have paid a significant portion of the inflationary cost increases rather than applying those same resources to additional environmental program services.

The proposed budget also attempts to address another area of critical concern, which is the fiscal health of the Environmental Conservation Fund. The "EC" Fund, as it is known, supports the state parks, wildlife and fisheries programs, conservation law enforcement and the management of our natural resources. With the return last year of General Fund Other Expense funding of \$1.7M, previously reduced in FY06, the "EC" Fund is projected to remain solvent through FY2012; however, it is projected that the EC Fund will end FY2013 with a significant negative account balance.

The Office of Policy and Management has been working with us to address this coming fiscal crisis. They have supported the Department in seeking approval of a bill raised by the Environment Committee, AAC Natural Resources Programs of the DEP. This bill will bolster the resources of the EC fund by implementing a Marine Fishing License, which will increase revenue into the fund, and will make other changes to the sportsmen's licensing structure, which will allow the EC fund to capture a greater share of funding that would otherwise be deposited into the General Fund.

Thank you for the opportunity to appear before you today. I, and staff with me today, would be happy to address any questions you may have.